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**FISCAL IMPACT STATEMENT**

**LS 7583**

**BILL NUMBER:** HB 1829

**NOTE PREPARED:** Jan 13, 2003

**BILL AMENDED:**

**SUBJECT:** Economic Development Corporation.

**FIRST AUTHOR:** Rep. Bosma

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill replaces the Department of Commerce with the Department of Tourism and Community Development for purposes of administering programs concerning tourism and community development. The bill transfers economic development duties of the Department of Commerce to the Economic Development Corporation and energy development responsibilities to the Department of Environmental Management. The bill also provides that the Economic Development Corporation is responsible for overseeing the operations of the Indiana Small Business Development Corporation and the Indiana Economic Development Council.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Economic Development Corporation:* The bill establishes the Economic Development Corporation and transfers the responsibilities of the Indiana Department of Commerce (IDOC) relating to economic development in Indiana to the Corporation. The bill provides that the Economic Development Corporation is a body politic and corporate, an independent instrumentality and not a state agency. The Corporation is authorized to employ bond counsel, other legal counsel, technical experts, and other officers, agents and employees necessary for its operations; and to determine qualifications, duties, compensation, and terms of service of its employees. The bill stipulates that employees of the Corporation are not employees of the state. The bill also permits the Corporation to incur debt, and specifies that debt incurred by the Corporation does not represent or constitute debt of the State of Indiana.

The Corporation is composed of 21 members, none of whom can be members of the General Assembly. The Governor and Lt. Governor each appoint three members; and the Speaker of the House of Representatives, President Pro Tempore of the Senate, House Minority Leader, and Senate Minority Leader each appoint

two members. Also, the Presidents of Indiana University, Purdue University, Indiana State University, Ball State University, Ivy Tech State College, Vincennes University, and the University of Southern Indiana each appoint one member. Members appointed by the Governor, Lt. Governor, President Pro Tempore of the Senate, and Senate Minority Leader serve for terms of four years; and members appointed by the Speaker of the House of Representatives, the House Minority Leader, and the college and university Presidents serve for terms of two years. Corporation members are entitled to a salary per diem equal to the per diem for members of the General Assembly for attending meetings. In addition, Corporation members are to be reimbursed for actual and necessary expenses on the same basis as state employees. Currently, per diem for members of the General Assembly is \$129 per day, and the current mileage rate is \$0.345 per mile.

*Transfer of Responsibilities:* The bill provides that the current duties of the Indiana Department of Commerce (IDOC) relating to economic development, except for energy policy or tourism and community development, are transferred to the Economic Development Corporation. In addition, the bill provides that the exercise of powers by the Indiana Small Business Development Corporation and the Indiana Economic Development Council are subject to the review and approval of the Economic Development Corporation. The bill transfers the current duties of the IDOC relating to energy policy to the Department of Environmental Management. In addition, the bill renames the IDOC the Department of Tourism and Community Development and provides that current IDOC duties relating to tourism and community development remain with this agency.

The December 7, 2002, state staffing table indicates that the IDOC currently has about 68 full-time positions, 12 of which are vacant, within the functional areas of economic development, community development and tourism, and energy policy. The economic development area (encompassing development finance, business development, international trade areas, and rural development) has 39 full-time positions, 10 of which are vacant, with a current annual salary cost of about \$1.1 M. The tourism, community development, and Mainstreet programs have 20 full-time positions, 2 of which are vacant, with a current annual salary cost of about \$620,000. The energy policy area has 9 full-time positions, none of which are vacant, with a current annual salary cost of about \$338,000. In addition to employees in these functional areas, the IDOC has positions in regional offices and in executive office and central services to the above-described functional areas. The regional offices contain 37 full-time positions and 9 intermittent positions. Nine of the full-time positions are filled, with a current annual salary cost of about \$402,000. The executive office and central services areas contain 56 full-time positions, 10 of which are vacant. The current annual salary cost of these employees is approximately \$1.64 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Commerce, Department of Environmental Management, Small Business Development Corporation, Indiana Economic Development Council, Legislative Services Agency.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869